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GAO Analysis Finds \$2.7 Billion in Federal Contracts Awarded to Expatriate Corporations

Washington, DC — A new General Accounting Office analysis released today by Rep. Jim Turner (D-TX) and Rep. Henry A. Waxman (D-CA) reveals that the federal government awarded \$2.7 billion in 2001 to federal contractors incorporated in overseas tax havens.

Some U.S. companies have sought to evade paying U.S. corporate income taxes by incorporating in Bermuda, Panama, and other international tax havens. At the request of Reps. Turner and Waxman, GAO examined whether the federal government had contracted with any of these expatriate corporations for goods or services paid for by U.S. taxpayers. GAO found that the federal government gave these expatriate corporations an astounding \$2.7 billion in federal contracts in 2001 alone.

"In this time of war, it is an outrage for American corporate executives to avoid their patriotic duty to support our nation by reincorporating in sham incorporations overseas. GAO's report confirms that their tax avoidance means higher taxes for every other American family," stated Rep. Turner.

Rep. Waxman said, "Corporate expatriates should not continue to benefit from government contracts. It is wrong to make U.S. taxpayers pay billions for contracts with companies that renounced their citizenship in order to evade taxes."

GAO's letter report identified four expatriate corporations that received federal contracts in 2001: Tyco International, McDermott International, Foster Wheeler, and Accenture.

Rep. Waxman is the Ranking Member of the Government Reform Committee and Rep. Jim Turner is the Ranking Member of the Government Reform Subcommittee on Technology and Procurement Policy. The full report is available on the website of the minority office of the Committee on Government Reform: www.reform.house.gov/min.